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CALIFORNIA STATE TREASURER PHIL ANGELIDES

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STATE TREASURER ANGELIDES, SUPERINTENDENT O'CONNELL, CALIFORNIA FEDERATION OF TEACHERS, CALIFORNIA TEACHERS ASSOCIATION CALL ON CALSTRS BOARD TO OPPOSE NEW PENSION PRIVATIZATION LEGISLATION

New Legislation Would Jeopardize Efforts to Recruit Teachers, Hurt California's Children

SACRAMENTO, CA – California State Treasurer Phil Angelides, State Superintendent of Public Instruction Jack O'Connell, the California Federation of Teachers and the California Teachers Association today called on the California State Teachers' Retirement System (CalSTRS) to formally oppose Assembly Constitutional Amendment 23, a renewed effort by Assemblymember Keith Richman to privatize retirement pensions for teachers and other public servants. Tomorrow, Angelides and O'Connell's representatives will move to oppose ACA 23 at CalSTRS' Board meeting.

"At a time when we should be doing more, not less to recruit new teachers, pension privatization takes us in the wrong direction. ACA 23 makes it more difficult to recruit the best and brightest young people to teach in our schools," said Angelides. "California's children need the best teachers in their classrooms in order to compete in the global economy of the 21st Century."

"I understand that pension liabilities are growing and represent a problem for our state and for school districts, but this is a problem that deserves more thoughtful, comprehensive consideration and should not be solved simply by pulling the rug out from under our teachers, particularly now," said O'Connell. "California simply cannot afford to send this negative message to teachers when we have an urgent need to attract top talent to our classrooms. The need is particularly acute in fields like math and science where private sector salaries and benefits far outweigh those our teachers earn."

According to a recent study by the Center for the Future of Teaching and Learning, California will need to recruit at least 100,000 new teachers over the next decade. Studies have also shown that there is a shortage of teachers in critical areas such as math and science and a shortage of credentialed teachers in inner-city schools.

Authored by Assemblyman Keith Richman, ACA 23 would eliminate incentives for young people to become teachers by instituting a privatization plan similar to President Bush's Social Security privatization scheme. The proposal would:

- Require teachers hired after July 1, 2007 to enroll in either:
 - A defined contribution plan that provides no guaranteed benefits and risks retirement savings on Wall Street; or
 - A "hybrid" plan that would significantly reduce guaranteed benefits for future teachers.



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- Sharply reduce employer contributions to teachers' retirement savings.

Under ACA 23, a teacher participating in the hybrid plan who begins teaching at age 25 and retires after teaching for 35 years would receive no guaranteed retirement benefits until he or she turns 65 – five years after their retirement. Additionally, a teacher enrolled in the “hybrid” plan that begins teaching at age 30 and teaches for 35 years would see his or her guaranteed retirement benefits slashed by more than \$16,000 a year when compared to recent retirees. Today the average teacher retires at age 61 with 27 years of service and receives a retirement allowance of \$3,606 per month. CalSTRS members do not participate in the Social Security system.

“The CalSTRS board should be leading the fight to maintain real retirement security for California teachers,” said Mary Bergan, president of the California Federation of Teachers, which represents 100,000 California educators. “Our members are completely opposed to any scheme, such as ACA 23, that threatens that security.”

“This reckless measure will only make it harder to attract and keep quality teachers in our classrooms,” said Barbara E. Kerr, president of the 335,000-member California Teachers Association. “A secure retirement is one of the benefits that give teachers the incentive to stay in the classroom and keep our public schools improving. ACA 23 creates a two-tiered retirement system that threatens benefits for current retirees while jeopardizing the ability of teachers to take care of themselves in their later lives.”

The legislation marks the latest attempt to privatize pensions for teachers and other public servants. Last February, CalSTRS voted 10-2 against the Governor Schwarzenegger's plan to privatize the State's public pension plans, and replace them with individual 401(k)-style private accounts.

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